

LUCIA TAN, PLAINTIFF AND APPELLEE, VS. ARADOR VALDEHUEZA AND REDICULO VALDEHUEZA, DEFENDANTS AND APPELLANTS.

G.R. No. L-38745. August 06, 1975

Ponente: CASTRO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/963c7bf5713f/>

CASTRO, J.:

This appeal was certified to this Court by the Court of Appeals as involving questions purely of law.

The decision a quo was rendered by the Court of First Instance of Misamis Occidental (Branch I) in an action instituted by the plaintiff-appellee Lucia Tan against the defendants-appellants Arador Valdehueva and Rediculo Valdehueva (docketed as civil case 2574) for (a) declaration of ownership and recovery of possession of the parcel of land described in the first cause of action of the complaint, and (b) consolidation of ownership of two portions of another parcel of (unregistered) land described in the second cause of action of the complaint, purportedly sold to the plaintiff in two separate deeds of pacto de retro.

After the issues were joined, the parties submitted the following stipulation of facts:

"1. That parties admit the legal capacity of plaintiff to sue; that defendants herein, Arador, Rediculo, Pacita, Concepcion and Rosario, all surnamed Valdehueva, are brothers, and sisters; that the answer filed by Arador and Rediculo stand as the answer of Pacita, Concepcion and Rosario.

"2. That the parties admit the identity of the land in the first cause of action.

"3. That the parcel of land described in the first cause of action was the subject matter of the public auction sale held on May 6, 1955 at the Capitol Building in Oroquieta, Misamis Occidental, wherein the plaintiff was the highest bidder and as such a Certificate of Sale was executed by MR. VICENTE D. ROA who was then the Ex-Officio Provincial Sheriff in favor of LUCIA TAN the herein plaintiff. Due to the failure of defendant Arador Valdehueva to redeem the said land within the period of one year as being provided by law, MR. VICENTE D. ROA who was then the Ex-Officio Provincial Sheriff executed an ABSOLUTE DEED OF SALE in favor of the plaintiff LUCIA TAN.

"A copy of the NOTICE OF SHERIFFS SALE is hereby marked as 'Annex A', the CERTIFICATE OF SALE is marked as 'Annex B' and the ABSOLUTE DEED OF SALE is hereby marked as 'Annex C' and all of which are made as integral parts of this stipulation of facts.

"4. That the party-plaintiff is the same plaintiff in Civil Case No. 2002; that the parties defendants Arador, Rediculo and Pacita, all Valdehueva were the same parties-defendants in the same said Civil Case No. 2002; the complaint in Civil Case No. 2002 to be marked as Exhibit 1; the answer as Exhibit 2 and the order dated May 22, 1963 as Exhibit 3, and said exhibits are made integral part of this stipulation.

"5. That defendants ARADOR VALDEHUEZA and REDICULO VALDEHUEZA have executed two documents of DEED OF PACTO DE RETRO SALE in favor of the plaintiff herein, LUCIA TAN of two portions of a parcel of land which is described in the second cause of action with the total amount of ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00), Philippine Currency, copies of said documents are

marked as 'Annex D' and 'Annex E', respectively and made as integral parts of this stipulation of facts.

"6. That from the execution of the Deed of Sale with right to repurchase mentioned in the second cause of action, defendants Arador Valdehueva and Rediculo Valdehueva remained in the possession of the land; that land taxes to the said land were paid by the same said defendants."

Civil Case 2002 referred to in stipulation of fact no. 4 was a complaint for injunction filed by Tan on July 24, 1957 against the Valdehuezas, to enjoin them "from entering the above-described parcel of land and gathering the nuts therein x x x" This complaint and the counterclaim were subsequently dismissed for failure of the parties "to seek for the immediate trial thereof, thus evincing lack of interest on their part to proceed with the case." [1]

The Deed of Pacto de Retro referred to in stipulation of fact no. 5 as "Annex D" (dated August 5, 1955) was not registered in the Registry of Deeds, while the Deed of Pacto de Retro referred to as "Annex E" (dated March 15, 1955) was registered.

On the basis of the stipulation of facts and the annexes, the trial court rendered judgment, as follows:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff:

"1. Declaring Lucia Tan the absolute owner of the property described in the first cause of action of the amended complaint; and ordering the herein defendants not to encroach and molest her in the exercise of her proprietary rights; and, from which property they must be dispossessed;

"2. Ordering the defendants, Arador Valdehueva and Rediculo Valdehueva, jointly and severally to pay to the plaintiff, Lucia Tan, on Annex 'E' the amount of P1,200, with legal interest of 6% as of August 15, 1966, within 90 days to be deposited with the Office of the Clerk of Court within 90 days from the date of service of this decision, and that in default of such payment, the property shall be sold in accordance with the Rules of Court for the release of the mortgage debt, plus costs;

"3. And as regards the land covered by deed of pacto de retro annex 'D', the herein defendants Arador Valdehueva and Rediculo Valdehueva are hereby ordered to pay the plaintiff the amount of P300 with legal interest of 6% from August 15, 1966, the said land serving as guaranty of the said amount of payment;

"4. Sentencing the defendants Arador Valdehueva and Rediculo Valdehueva to pay jointly and severally to the herein plaintiff Lucia Tan the amount of P1,000.00 as attorney's fees; and

"5. To pay the costs of the proceedings."

The Valdehuezas appealed, assigning the following errors:

"That the lower court erred in failing to adjudge on the first cause of action that there exists res judicata; and

"That the lower court erred in making a finding on the second cause of action that the transactions between the parties were simple loan, instead, it should be declared as equitable mortgage."

We affirm in part and modify in part.

1. Relying on Section 3 of Rule 17 of the Rules of Court which pertinently provides that a dismissal for failure to prosecute "shall have the effect of an adjudication upon the merits," the Valdehuezas submit that the dismissal of civil case 2002 operated, upon the principle of res judicata, as a bar to the first cause of action in civil case 2574. We rule that this contention is untenable as the causes of action in the two cases are not identical. Case 2002 was for injunction against the entry into and the gathering of nuts from the land, while case 2574 seeks to "remove any doubt or cloud of the plaintiff's ownership x x x" (Amended complaint, Rec. on App., p. 27) with a prayer for declaration of ownership and recovery of possession.

Applying the test of absence of inconsistency between prior and subsequent judgments,[2] we hold that the failure of Tan, in case 2002, to secure an injunction against the Valdehuezas to prevent them from entering the land and gathering nuts is not inconsistent with her being adjudged, in case 2574, as owner of the land with right to recover possession thereof. Case 2002 involved only the possession of the land and the fruits thereof, while case 2574 involves ownership of the land, with possession as a mere attribute of ownership. The judgment in the first case could not and did not encompass the judgment in the second, although the second judgment would encompass the first. Moreover, the new Civil Code provides that suitors in actions to quiet title "need not be in possession of said property." [3]

2. The trial court treated the registered deed of pacto de retro as an equitable mortgage but considered the unregistered deed of pacto de retro "as a mere case of simple loan, secured by the property thus sold under pacto de retro," on the ground that no suit lies to foreclose an unregistered mortgage. It would appear that the trial judge had not updated himself on law and jurisprudence: he cited, in support of his ruling, article 1875 of the old Civil Code and decisions of this Court circa 1910 and 1912.

Under article 1875 of the Civil Code of 1889, registration was a necessary requisite for the validity of a mortgage even as between the parties, but under article 2125 of the new Civil Code (in effect since August 30, 1950), this is no longer so.[4]

"If the instrument is not recorded, the mortgage is nonetheless binding between the parties." (Article 2125, 2nd sentence)

The Valdehuezas having remained in possession of the land and the realty taxes having been paid by them, the contracts which purported to be pacto de retro transactions are presumed to be equitable mortgages,[5] whether registered or not, there being no third parties involved.

3. The Valdehuezas claim that their answer to the complaint of the plaintiff affirmed that they remained in possession of the land and gave the proceeds of the harvest to the plaintiff; it is thus argued that they would suffer double prejudice if they are to pay legal interest on the amounts stated in the pacto de retro contracts, as the lower court has directed, and that therefore the court should have ordered evidence to be adduced on the harvest.

The record does not support this claim. Nowhere in the original and the amended complaints is an allegation of delivery to the plaintiff of the harvest from the land involved in the second cause of action. Hence, the defendants' answer had none to affirm.

In submitting their stipulation of facts, the parties prayed "for its approval and maybe made the basis of the decision of this Honorable Court. (*italics supplied*) This, the court did. It cannot therefore be faulted for not receiving evidence on who profited from the harvest.

4. The imposition of legal interest on the amounts subject of the equitable mortgages, P1,200 and P300, respectively, is without legal basis, for, "No interest shall be due unless it has been expressly stipulated in writing." (Article 1956, new Civil Code) Furthermore, the plaintiff did not pray for such interest; her thesis was a consolidation of ownership, which was properly rejected, the contracts being equitable mortgages.

With the definitive resolution of the rights of the parties as discussed above, we find it needless to pass upon the plaintiff's petition for receivership. Should the circumstances so warrant, she may address the said petition to the court a quo.

ACCORDINGLY, the judgment a quo is hereby modified, as follows: (a) the amounts of P1,200 and P300 mentioned in Annexes E and D shall bear interest at six percent per annum from the finality of this decision; and (b) the parcel of land covered by Annex D shall be treated in the same manner as that covered by Annex E, should

the defendants fail to pay to the plaintiff the sum of P300 within 90 days from the finality of this decision. In all other respects the judgment is affirmed. No costs.

Makalintal, C.J., Makasiar, Esguerra, and Muñoz Palma, JJ., concur.

Teehankee, J., is on leave.

Martin, J., did not take part.

[1] Order, CFI of Misamis Occidental, May 22, 1963, Rec. on App., pp. 67-68.

[2] "One test of identity of causes of action is whether the judgment sought will be inconsistent with the prior judgment. If no inconsistency is shown, the prior judgment is not a bar." (Martin, Rules of Court, 3rd. ed., Vol. 2, p. 431, citing 34 C.J 805).

[3] Article 477; see Balbecino vs. Ortega, L-14231, April 28, 1962, 4 SCRA 1178.

[4] See Padilla, Civil Law, Civil Code Anno., 1969 ed., Vol. VI; p. 656; Samanilla vs. Cajucom, et al., 107 Phil. 432.

[5] Art. 1602, Civil Code; Santos vs. Duata, L-20901, Aug. 31, 1965, and cases cited therein, 14 SCRA 1041.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.